

City of San Diego  
Office of the Independent Budget Analyst

## MONTHLY SNAPSHOT OF REPORTS AND ACTIVITIES FOR APRIL 2011

### Highlights of Major Reports Issued in the Month of April:

#### **Report No. 11-23 “Proposed Council Policy for Community Programs and Projects Funds”**

On September 24, 2010, the City Attorney issued a Memorandum of Law (MOL) regarding the Budgeting, Appropriation, and Expenditure of Infrastructure Funds. This MOL discussed the City’s practice of carrying over annual savings from each Council Office budget for use in a subsequent year to allocate to community projects at the discretion of each Council-member in their district. The City Attorney opined that this process was inconsistent with the requirements of the budget process as outlined in the City Charter.

As discussed in the MOL, the major deficiency in the Infrastructure Improvement process was the omission, each year, of the Infrastructure Funds in the proposed and final budgets. While the Annual Appropriation Ordinance identified the Infrastructure Funds and its uses each year, the exclusion of the Infrastructure Funds from the budget document meant that no authority existed to appropriate and expend these funds.

In IBA Report 11-23 it was recommended that a Council Policy for “Community Discretionary Program and Projects” be in place for these funds and be made effective prior to the adoption of the Fiscal Year 2012 budget. The IBA report described specific elements to be included in the proposed policy and these elements were presented at the April 20, 2011 Budget and Finance Committee. The Committee provided feedback and requested that the IBA work with the City Attorney’s Office to develop a Council Policy and a method of incorporating prior year savings from each Council Office into a “Community Discretionary Programs and Projects Fund” prior to the approval of the FY 2012 budget.

#### **Report No. 11-25 “Review of the Fiscal Year 2012 Proposed Budget”**

Report No. 11-25 provides the IBA’s review of the Mayor’s Proposed FY 2012 Budget. In balancing the Proposed Budget, the Mayor utilized \$38.1 million of ongoing solutions and \$35.1 million of one-time solutions. The three major categories of ongoing solutions include: position/service reductions, including cuts to branch library and recreation center hours, cuts to supplies and contracts (NPE costs), and new or increased user fees. The major categories identified as one-time solutions include: suspending contributions to the City’s reserves for the second year, use of a number of fund balances, disaster recovery reimbursements and one-time Trans-Net revenue.

Nine of the 23 cost savings/revenue generating actions that the Council included in their April 12, 2011 Budget Resolution have been incorporated in the Mayor’s proposed budget. These nine items generated \$29.2 million of General Fund resources.

In developing resource options for potential revisions to the Mayor’s FY 2012 Proposed Budget, the IBA looked to budget actions requested by the Council in their budget resolution- which were not accepted by the Mayor- as well as options identified by the IBA as a result of our

### Reports Highlighted for the Month of **April 2011:**

#### **“Proposed Council Policy for Community Programs and Projects Funds”**

[Executive Summary](#) (4/15/11)

[Report No. 11-23](#) (4/15/11)

#### **“Review of the Fiscal Year 2012 Proposed Budget”**

[Report No. 11-25](#) (4/29/11)

#### **“Requiring City Council Approval to Terminate Hold Harmless Agreements”**

[Executive Summary](#) (4/29/11)

[Report No. 11-27](#) (4/29/11)

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review and analysis of the Mayor's budget proposal.

The Budget Review Committee, which is comprised of the City Council as a whole, has been conducting Departmental Budget Hearings since Wednesday, May 4, which concluded on Thursday, May 12. These hearings provide an opportunity for the City Council to inquire about Department's Proposed Budgets and assists in developing potential budgetary resources to restore cuts that have been proposed by the Mayor.

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**[Report No. 11-27](#) "Requiring City Council Approval to Terminate Hold Harmless Agreements"**

At the March 2, 2011 Natural Resources and Culture Committee (NR&C) meeting the Environmental Services Department (ESD) presented information regarding the Mayor's plan to terminate certain "hold harmless agreements." These agreements allow for City-provided refuse collection services to residents on private streets that would otherwise be ineligible for such services.

Existing hold harmless agreements have termination clauses, and the Mayor currently has authority to terminate these agreements (upon seven-day notice of such intent). The City exercised the termination clauses of these agreements on February 4, 2011. Refuse collection services to an estimated 14,200 residential units on private streets is scheduled to be eliminated July 1, 2011.

The NR&C passed a motion which included direction to the City Attorney to prepare an ordinance and resolution to override the Mayor's action to terminate the hold harmless agreements. The drafted ordinance, requiring City Council approval to effect termination of the hold harmless agreements, was heard by the City Council on May 2, 2011. This ordinance did not pass.

Annual cost reductions for elimination of trash collection services are included in the Environmental Services Department's (ESD) FY 2012 General Fund budget and total \$818,974. Additionally, a net positive impact of \$66,939 for elimination of recycling and greenery collection services is included in the FY 2012 Recycling Fund budget. Furthermore, a revenue increase in franchise fees from private haulers (\$187,620 in General Fund revenue) is also budgeted.

The IBA acknowledged that in the current financial environment, it has been difficult to balance competing priorities and define core city services. Due to the fiscal constraints of the City, the IBA supported the FY 2012 proposed action to eliminate collections services for hold harmless customers.

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**Other Reports Issued in the Month of April 2011:**

**[Report No. 11-22](#)** (4/8/11)

**[Executive Summary](#)** (4/8/11)

**Firefighter Wellness Program Savings**

**[Report No. 11-24](#)** (4/22/11)

**[Executive Summary](#)** (4/22/11)

**[Attachment 1](#)** (4/22/11)

**[Attachment 2](#)** (4/22/11)

**Unresolved Issues from the 2007 Charter Review Commission**

**[Report No. 11-26](#)** (4/29/11)

**[Executive Summary](#)** (4/29/11)

**[Attachment 1](#)** (4/29/11)

**Process for Filing Audited FY 2010 CAFR on Electronic Municipal Market Access (EMMA) System**



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